Discovery Lab

BUILDING ECONOMIC MOBILITY

One of the objectives in DoSomething's new **strategic plan** aims to build pathways to economic mobility—the ability to improve one's income—to ensure young people's economic autonomy. To deepen our learning in this space, DoSomething Discovery Lab—our research team—surveyed members to understand how young people are faring economically and to gauge their financial outlook. The following is an overview of what we learned, what we intend to do about it, and how you can get involved to support our work in helping young people on this journey.

Young people are worried about their financial situation.

A young person's path to economic mobility is determined by a confluence of possible indicators. We found that across age groups, respondents' financial situation caused them to worry.

As young people got older, they were more likely to express worry about their financial obligations.

In our survey, 28% of 18-21 year-olds and 35% of 22-25 year-olds told us they were worried about their financial situation. That number increased to 40% for those older than 25.

Older respondents also reported being less likely to be able to save money. Respondents older than 25 were more likely to note that their financial situations didn't allow them to save money. Not surprisingly, savings were a less reliable source to cover expenditures the older the respondents got; many were unable to save sizable amounts of money to reach the three months of savings goal—a financial rule of thumb.

Young people question the benefits of higher education.

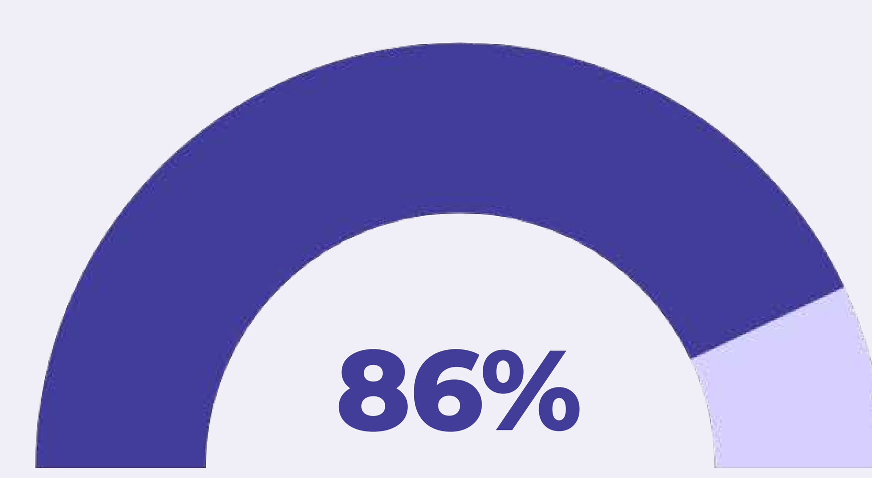
Survey respondents saw the value of higher education, though as they got older their uncertainty in its value increased.

While more than half of the respondents thought the benefits of higher education exceeded its cost, overwhelmingly they said the cost played a role in their decision to attend college.

Young people were interested in seeing potential employers pay for courses and training; building the bridges between the worlds of learning and work can lead to positive outcomes on young people's path to higher education. Most young people enter adulthood without plans to attend college. While we don't advocate that a college degree is the only way to achieve the American dream, we know that the lack thereof is consequential for the individual and society at large. Those without college degrees are more likely to experience financial hardships and decreased earning potential.

Young people aren't confident about their future economic prospects.

Young people often measure their future prospects against their parents' outcomes. We found that the older the respondent, the less confident they were that they would have better economic opportunities than their parents. The percentage of respondents who thought they would be worse off than their parents was significantly higher in those older than 25—only 20% said they felt confident they would have better economic opportunities than their parents. Most respondents felt uncertain that they would be able to obtain economic security in retirement, savings, home ownership and more.



of respondents said that finding quality work, characterized by livable wages, benefits, hours, job satisfaction, in a place they can afford to live, was important for their economic security.

Yet, only 15% were confident they could attain it.

LET'S DO SOMETHING ABOUT IT

DoSomething intends to address the challenges young people face—their tenuous financial circumstances, coupled with their lack of confidence in education and work. We will design research-informed programming to guide them in building solutions to achieve equitable economic outcomes. DoSomething will equip them with knowledge, skills, attitudes, and behaviors that support a healthy future, and activating youth to address systemic challenges that block their economic mobility.

A young person's path to economic mobility is determined by a confluence of possible indicators.

Social Capital
Non-financial resources: personal and institutional relationships

Human Capital
Individual attributes: skills and personal traits

Economic Capital
Financial resources available to the individual

A Case for Financial Literacy Programming

Young adults, whether working or enrolled in postsecondary education, are transitioning into a **new stage of financial independence**. And poor financial decisions will have detrimental consequences on their future financial well-being. For instance low **financial literacy**,[1] the ability to use knowledge and skills to manage financial resources effectively, is correlated with negative credit behaviors, including higher borrowing rates, mortgage delinquency, and home foreclosure. These negative behaviors are particularly pronounced among young people: individuals aged 18-34 pay more in **interest on credit card debt and penalty fees** than older adults, and are twice as likely to take a hardship withdrawal from their retirement account or miss a mortgage payment.

The lack of financial literacy also influences other important decisions that can hinder economic mobility. Youth with no savings account are less likely to attend college, and for those in college, financial stress and credit card debt have been tied to an increased likelihood of missing class and dropping out. Alarmingly, 34% of student loan debt is owed by 18-29 year olds.

Previously, DoSomething has implemented programming to support young people to build healthy financial habits and achieve their financial goals.

- Through our partnership with SunTrust, we helped more than 65,000 youth increase their financial confidence. DoSomething provided them with ways to save money in *Spend Your Cheddar Better*.
- We teamed up with H&R Block Dollars & Sense, and launched the *Craziest Thing I've Done to Save Money*, to give you the tools to help over 40,000 people learn how to save smarter.
- In partnership with HSBC, we launched *Would You Rather* which gave more than 13,000 young people a personal finance guide after taking a quiz.

Join us in making economic mobility the norm, not the exception, for young people.

DoSomething seeks to engage new partners in driving this exciting and essential work with more research and new programming. To learn more, please contact Keely Quinn, Vice President of Programming and Impact, at KQuinn@DoSomething.org.

WE FUEL YOUNG PEOPLE TO CHANGE THE WORLD.

1 Embedded in this definition is a sophisticated understanding of the financial markets and increased understanding of evolving proliferation of financial technologies.
Source: *Financial Literacy in the United States.pdf (milkeninstitute.org)*